

## **KENTUCKY DEPARTMENT OF EDUCATION**

### **STAFF NOTE**

#### **Action/Discussion Item:**

Preschool Funding, 2008-2009 Rates

#### **Applicable Statute or Regulation:**

KRS 157.226, KRS 157.3175, 702 KAR 3:250

#### **Action Question:**

Should the Kentucky Board of Education approve the tentative Preschool Program per-child rates and the set-aside for 2008-2009?

#### **History/Background:**

The Kentucky Preschool Program is a statewide program serving 3- and 4-year-old children with disabilities and 4-year-olds whose family income falls within 150% of poverty guidelines. The preschool program provides a minimum of a half-day developmentally appropriate program with services that include meals and parent training and may include transportation. The preschool program also meets the comprehensive needs of children through collaboration with medical, health, mental health and social service agencies.

***Per-Child Rates.*** The per-child rate varies according to the child's status. There is a standard preschool rate for 4-year-old at-risk children without disabilities, and weighted amounts for 3- and 4-year-old children with disabilities according to three categories: developmental delay, speech/language and severe disabilities.

Each spring, the Kentucky Board of Education establishes the per-child rates for the Kentucky Preschool Program for the upcoming school year based on the budget approved by the legislature.

***Funding Procedures.*** According to the *Preschool Funding Guidelines*, districts receive a tentative award at the beginning of the school year. The tentative award is calculated from the district's preschool enrollment from the previous year, multiplied times the per-child rates for the new school year. After the new school year enrollment count is collected on December 1, the district receives a final award notice. The final award has an upward adjustment if enrollment has grown by more than 5% over the past year. Districts with enrollment decreases of more than 5% are advised of an offset that will be deducted from the next year's disbursement (not taken from current year allocation).

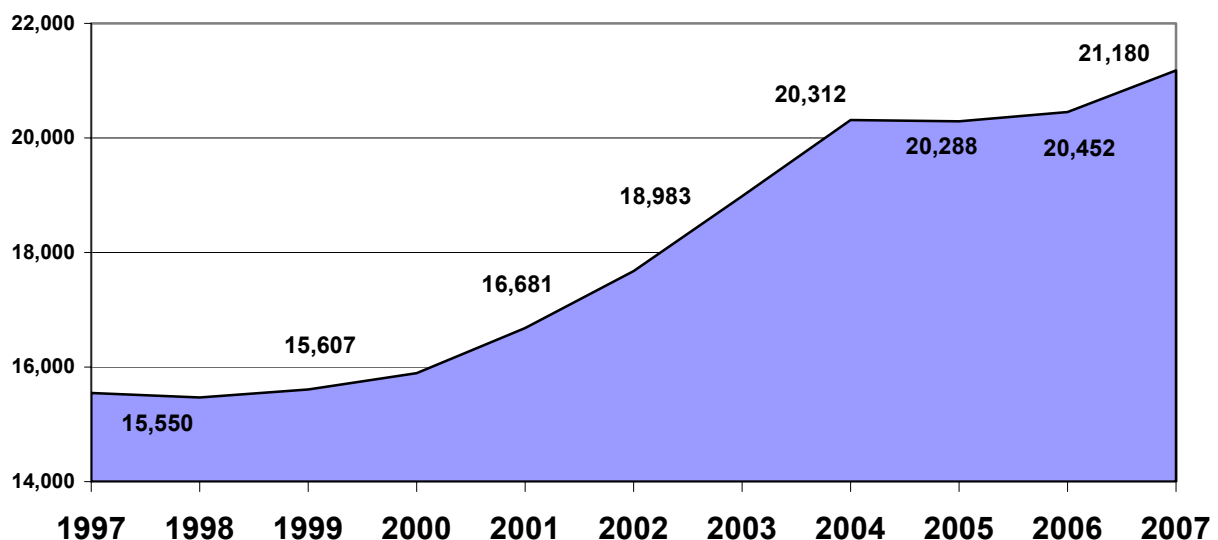
Table I shows the preschool rates from 2001 to 2007-2008 and the proposed rates for 2008-2009, with the at-risk rate and each of the special education allocations listed separately. The 2006-2008 biennial budget passed by the General Assembly included an increase in the preschool budget (\$23.5 million). It is anticipated that the rates for 2008-2009 will decline because of the increase in the number of children served this year.

**Table I. Preschool rates for at-risk and disabilities 2001-2009**

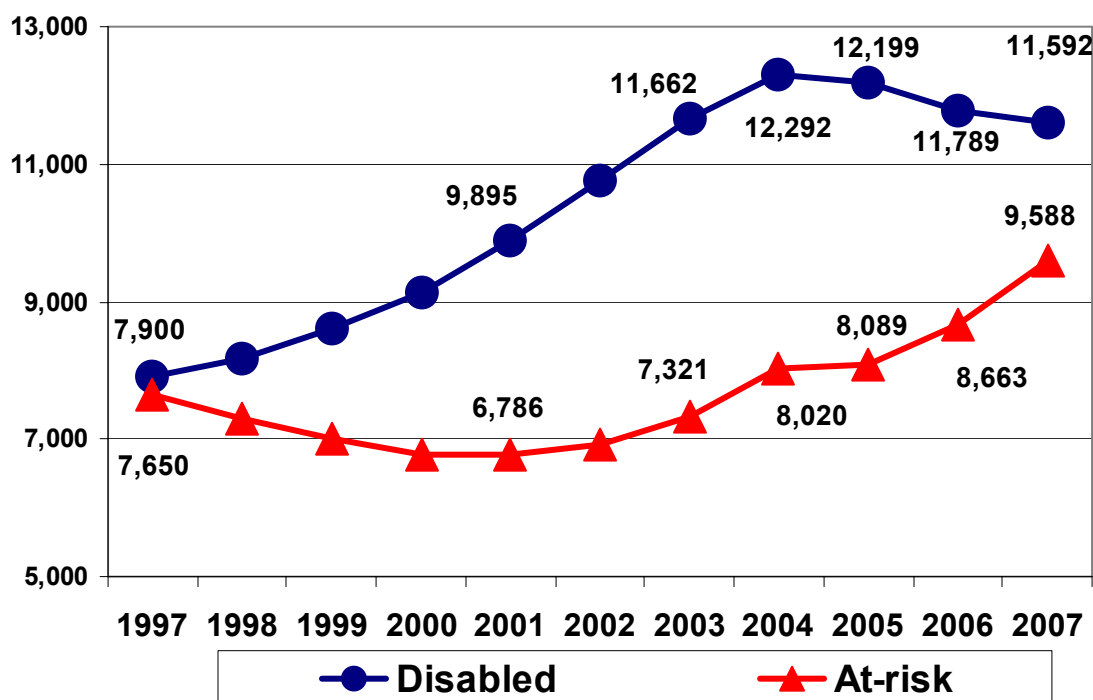
Categories	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-09 Proposed
At-Risk	\$2,505	\$2,241	\$2,170	\$2,291	\$2,150	\$3,168	\$3,304	\$3,140
Speech/Language	\$2,639	\$2,353	\$2,279	\$2,405	\$2,258	\$3,327	\$3,469	\$3,297
Developmental Delays	\$3,403	\$3,317	\$3,038	\$3,207	\$3,011	\$4,436	\$4,626	\$4,396
Severe/Multiple Disabilities	\$5,565	\$4,257	\$4,123	\$4,353	\$4,086	\$6,020	\$6,278	\$5,966

**State Enrollment Trends.** Figure 1 shows the total enrollment trend in the state preschool program based on the December 1 count. There was a period of significant growth during 2002-2004 in both at-risk and children with disabilities. There was a decrease in total enrollment on Dec. 1, 2005, for the first time in the history of the program. The preschool numbers have shown an increase over the last two years, mostly due to the increase in eligibility from 130% to 150% of the federal poverty rate. Figure 2 shows a decrease of children with disabilities and an increase in at-risk preschoolers. Table 2 shows the amount of increases and decreases in each population from 1997-2007.

**Figure 1: State Funded December 1 count 1997-2007**



**Figure 2. Number of at-risk children and children with disabilities served in Kentucky's state-funded preschool program 1997-2007 (Dec. 1 count)**



**Table 2. Increase or decrease of numbers of preschool children who are at-risk or with disabilities from the December 1 count 1997-2007**

	At-risk 4s	Change	3 & 4s w/disabilities	Change
1997	7,650	-24	7,900	66
1998	7,310	-340	8,161	261
1999	7,010	-300	8,597	436
2000	6,762	-248	9,130	533
2001	6,786	24	9,895	765
2002	6,912	126	10,766	871
2003	7,321	409	11,662	896
2004	8,020	699	12,292	630
2005	8,089	69	12,199	-93
2006	8,663	574	11,789	-410
2007	9,588	925	11,592	-197

**High Student Performance, High Quality Teaching and Strong Environments.** Kentucky met eight (8) of the ten (10) research-based standards identified by the National Institute for Early Education and Research (NIEER). In 2007 the Kentucky Department of Education, Division of

Early Childhood Development, established a process to identify high-quality, state-funded preschool classrooms known as the Classrooms of Excellence initiative. There were twenty-one (21) classrooms recognized for meeting rigorous standards that included exemplary ratings on the Early Language and Literacy Classroom Observation tool (ELLCO) and the Early Childhood Environmental Rating Scale-Revised (ECERS-R), intensive self-study, early childhood teacher certification, regional or national accreditation and implementation of the early childhood standards, assessment and quality self-study.

***District Challenges.*** Kentucky preschool coordinators continue to report transportation, paying for certified teachers and support for children with disabilities as their top funding challenges. Another challenge is lack of additional resources to meet the new special education regulations that became effective December 12, 2007. The federal government is requiring states to take more decisive actions to address overrepresentation and disproportionality in special education programs. That means that before or as part of the referral system, the child is provided appropriate, relevant, research-based instruction and intervention services in a regular education setting with instruction provided by qualified staff. After the intervening services, if the child does not have a disability and is not income-eligible, the costs to provide these services would be absorbed by the district.

**Staff Recommendation and Rationale:**

***Rate Selection.*** It is anticipated that the preschool budget for 2008-2009 will remain the same. However, based on the December 1, 2007 count, there is an increase in the number of children and therefore the rates are expected to decline if there are no additional funds.

**Table 3. Projected Preschool Program allocation formula for 2008-2009 school year with calculations for at-risk and children with disabilities and mid-year growth allocation**

**2008-2009 Preschool Budget: \$75, 127,000**

Per-Child Rates: At-Risk Only	\$3,140
Speech/Language	\$3,297
Mild/Developmental Delays	\$4,396
Severe/Multiple Disabilities	\$5,966
Maximum Available for Mid-Year Growth: \$ 250,000	

**\*\*Note:** These are tentative rates until the Budget Bill has been finalized.

Staff proposes that the Board approve the proposed per-child rates for 2008-2009 and the mid-year growth amount that will allow some additional funds for districts experiencing a 5% or more growth based on the December 1, 2007 child count. Of course the proposed per-child rates are contingent on the final approval of the budget bill by the General Assembly.

**Impact on Getting to Proficiency Efforts:**

Every child is capable of learning and achieving at high levels regardless of socioeconomic background or other issues of diversity. Adequate funding for preschool is essential for high-quality teaching and learning within strong and supportive classroom environments with qualified staff to enable children to enter the primary program ready to succeed.

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**Recommending Deputy**

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**Commissioner of Education**

**Date:**

April 2008